

NOTICE OF PUBLIC HEARING WITH RESPECT TO THE ISSUANCE OF BONDS
BY THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FOR THE BENEFIT OF KAKS PROPERTIES, LLC

NOTICE IS HEREBY GIVEN that at 10:00 a.m., on September 9, 2010, or as soon thereafter as the matter can be heard, at 980 9th Street, Suite 900, Conference Room, Sacramento, California 95814, the California Infrastructure and Economic Development Bank (the "Issuer") will conduct a public hearing (the "Public Hearing") at which the Issuer will hear and consider information concerning the sale and issuance by the Issuer, from time to time, pursuant to a plan of finance, of one or more series of its tax-exempt revenue bonds for the benefit of KAKS Properties, LLC, a California limited liability company (or any related or successor entity thereto) (collectively, the "Borrower") in an aggregate principal amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) (the "Bonds"). Proceeds of the Bonds are expected to be loaned to the Borrower pursuant to one or more loan agreements (the "Loan Agreement"). The proceeds of the Bonds loaned to the Borrower will be applied by the Borrower to (a) refinance the outstanding California Infrastructure and Economic Development Bank Variable Rate Demand Industrial Development Revenue Bonds, Series 2003 (Hydro Systems, Inc. Project) (the "Prior Bonds") the proceeds of which were used by the Borrower to finance the (i) acquisition of the real property and improvements located at 29132 Avenue Paine, Valencia, California 91355 (the "Project Site"), (ii) acquisition and installation of manufacturing equipment at the Project Site, and (iii) payment of certain costs of issuance in connection with the Prior Bonds; (b) pay the costs of acquisition and installation of a solar panel system and additional manufacturing equipment to be installed at the Project Site; (c) pay costs of issuance of the Bonds; and (d) pay other related costs and expenses of the Borrower (collectively, the "Project"). The property, facilities and equipment financed and refinanced with the proceeds of the Bonds will be used by the Borrower and Hydro Systems, Inc. for manufacturing and distributing bathtubs, whirlpool tubs, shower pans, shower enclosures and other similar products made primarily from plastic sheeting, fiberglass and plastic or for the manufacture of other tangible personal property.

The Bonds will be paid entirely from repayments and other funds made available by the Borrower under the Loan Agreement. Neither the faith and credit nor the taxing power of the Issuer, the State of California (the "State") or any other political corporation, subdivision or agency of the State will be pledged to the payment of the principal or purchase price of, premium, if any, or interest on, the Bonds, nor shall the State or any other political corporation, subdivision or agency of the State, other than the Issuer, be liable or obligated to pay the principal or purchase price of, premium, if any, or interest on, the Bonds, except to the extent the Issuer is obligated to make such payments from funds received pursuant to the Loan Agreement. The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Code.

Those wishing to comment on the proposed nature and location of the Project and the financing and refinancing of the costs related to Project with the proceeds of the Bonds will be given an opportunity to do so at the public hearing or may submit written comments, which must be received prior to the Public Hearing, to the Issuer c/o Ms. Roma Cristia-Plant, Assistant Executive Director, California Infrastructure and Economic Development Bank, 980 9th Street, Suite 900, Sacramento, California 95814.

Date: August 25, 2010

CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK

By /s/ Roma Cristia-Plant
Assistant Executive Director